



Key biodiversity developments and COP16

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In this article, we provide an overview of country-led and private sector-driven key developments surrounding the recent United Nations Biodiversity Conference (COP16). The world is progressively recognizing that biodiversity loss and climate change are correlated and mutually reinforcing. A common refrain is that “there is no net zero without nature”. However, this understanding has not been reflected in countries’ implementation of the Kunming-Montreal Global Biodiversity Framework (**GBF**), which currently falls short of the requisite pace and scale. Outside of multilateralism, more promising trends are emerging in nature-related disclosures, transition planning, science-based targets and private finance.

SPEED READ

1. Key trends in recent biodiversity developments

- 1.1 A heightening demand for nature-related disclosures is indicative of nature-related financial issues as a growing priority.
- 1.2 A gradual move towards integrated transition planning.
- 1.3 First-ever science-based targets for nature were published, amidst an increased focus on value chains impact assessments.
- 1.4 Private finance for nature remains critical, with a growing spotlight on biodiversity credits.

2. Status of country-led efforts in implementing the GBF

- 2.1 Parties agreed on the operationalization of a new mechanism for sharing benefits from the use of Digital Sequencing Information of genetic resources (**DSI**).
- 2.2 Most Parties lack credible national plans to implement GBF targets and guide private sector action.
- 2.3 Parties did not agree on how to address biodiversity finance gaps.
- 2.4 Parties made progress towards mainstreaming biodiversity across all sectors of the economy.
- 2.5 Parties made progress towards integrating biodiversity and climate change in policies and planning processes.

1. Key trends in recent biodiversity developments

1.1 A HEIGHTENING DEMAND FOR NATURE-RELATED DISCLOSURES IS INDICATIVE OF NATURE-RELATED FINANCIAL ISSUES AS A GROWING PRIORITY

The Taskforce for Nature-related Financial Disclosures (**TNFD**) underlined that an exponential growth in demand for nature-related data is being driven by investors and reporting requirements. Nature-related data is anticipated to be used most prevalently in: (i) corporate reporting; (ii) target-setting; and (iii) transition planning.¹

Nature-related reporting frameworks and standards are steadily emerging, pursuant to the TNFD's recommendations, the EU Corporate Sustainability Reporting Directive and the International Sustainability Standards Board. National Biodiversity Strategies and Action Plans (**NBSAPs**) of several countries indicate ongoing work on nature-related reporting requirements.

This trajectory coheres with investors' calls for mandatory disclosure regulations for companies with material nature-related impacts or dependencies, as well as nature-related transition plans.²

At the same time, the private sector is disclosing more nature-related data. CDP indicated a 43% jump in the number of corporates (from 7,974 to 11,453) disclosing biodiversity data since the GBF was adopted in 2022. As a sign of things to come, the number of organizations globally that have committed to adopting TNFD-aligned nature-related risk management and corporate reporting has risen to 502 (including publicly listed companies representing over USD 6.5 trillion in market capitalization and financial institutions representing USD 17.7 trillion in assets under management).

1.2 A GRADUAL MOVE TOWARDS INTEGRATED TRANSITION PLANNING

Integrated transition planning has been touted as an important area of further work, integrating nature, climate and social considerations. This narrative is most recently being driven forward by two consultation papers which were launched on the sidelines of COP16.

First, the Glasgow Financial Alliance for Net Zero (**GFANZ**) is consulting on voluntary guidance to support financial institutions in incorporating nature-related levers as part of net zero transition plans. The consultation paper affirmed that nature-related climate change mitigation actions may identify more potential financing opportunities and expand the toolkit for financial institutions to achieve their net-zero commitments.

The consultation paper aims to support financial institutions as they voluntarily integrate nature considerations in their net zero strategy and plans. Financial institutions are encouraged to consider GFANZ's guidance alongside guidance produced by sector-specific net-zero alliances, taxonomies and other organizations. The consultation runs until 27 January 2025, with final guidance anticipated in Q1 2025.

Second, the TNFD is consulting on draft guidance on nature transition planning for corporates and financing institutions. The draft addresses what a nature transition plan should include and how a plan should be presented and disclosed. It is aligned with the work of GFANZ and the Transition Plan Taskforce for climate transition planning and disclosure.

Businesses and financial institutions are encouraged to pilot test the draft TNFD guidance, which supports the integrated disclosure of nature and climate transition plans. Nevertheless, organizations may initially prefer to develop separate climate and nature plans, while considering the interactions between and within nature and climate, and move towards an integrated transition plan over time.

The TNFD's consultation runs until 1 February 2025, with the final guidance due in 2025. Beyond that, further developments are anticipated in the areas of nature transition pathways, transition finance categorization and biodiversity credits.

¹ Recognizing that market access to decision-useful nature-related data require upgrading, in 2025, the TNFD plans to conduct market consultations to further define and clarify a set of composite data principles, specify priority enhancements and quality improvements to the nature data value chain, and explore end-user requirements through a beta version of an open access nature data public facility.

² Groups of investors (representing USD 29 trillion and USD 2.5 trillion in assets under management) called on governments to strengthen nature-related disclosures, including via mandatory disclosure regulations.

1.3 **FIRST-EVER SCIENCE-BASED TARGETS FOR NATURE WERE PUBLISHED, AMIDST AN INCREASED FOCUS ON VALUE CHAINS IMPACT ASSESSMENTS**

Momentum is building for the setting and meeting of science-based targets (**SBTs**) for nature. On 30 October 2024, the Science Based Targets Network (**SBTN**) announced that over 150 additional companies are preparing to set targets for nature through the SBTN, with a handful of companies having publicly adopted the first-ever validated SBTs for nature.

In a nature context, setting and meeting targets often requires engagement with supply chain actors, for example engaging with suppliers to collect geolocation data and gain traceability, tackling water use across supply chains, using certifications for sourcing key commodities, and promoting regenerative agricultural practices in supply chains.

Relevantly, more businesses are assessing the impact that their value chains have on biodiversity (CDP reported that, as of October 2024, roughly 1,800 companies are doing so).

1.4 **PRIVATE FINANCE FOR NATURE REMAINS CRITICAL, WITH A GROWING SPOTLIGHT ON BIODIVERSITY CREDITS**

Research from the UNEP Finance Initiative showed that private finance has surged elevenfold in four years, from USD 9.4 billion to over USD 102 billion. This comes as alternative investments, traded debt, and private equity are increasingly adding nature-related Key Performance Indicators.

However, further action is evidently required to leverage private finance, promote blended finance, and encourage the private sector to invest in biodiversity so as to align financial flows with the GBF.

High-integrity biodiversity credit markets have been identified as a potential source of finance for more nature-related projects (although not without controversy). Demand for the credits will grow as governments continue to develop supportive policy frameworks.³ To coincide with COP16, the International Advisory Panel on Biodiversity Credits (**IAPB**, established by France and the UK) launched a framework to define, guide and encourage the development of high integrity biodiversity credits and credit markets. The IAPB does not support international biodiversity offsetting approaches and requires that compensation must be local-to-local and like-for-like.

Several jurisdictions (e.g. EU and UK) have begun work on examining the potential, and challenges, of biodiversity certification and nature credits. The British Standards Institution is consulting (until 3 January 2025) on a proposed Biodiversity Standard which aims to standardize how biodiversity benefits are measured and verified, establish requirements for high-quality biodiversity metrics, and build confidence in biodiversity credits.

2. **Status of country-led efforts in implementing the GBF**

COP16 aimed to move countries from the GBF's commitments to tangible implementing actions. However, their actions have starkly fallen short of the lofty ambitions enshrined in the GBF.

2.1 **PARTIES AGREED ON THE OPERATIONALIZATION OF A NEW MECHANISM FOR SHARING BENEFITS FROM THE USE OF DIGITAL SEQUENCING INFORMATION OF GENETIC RESOURCES (DSI)**

This agreement will particularly impact on pharmaceutical, animal and plant breeding, biotechnology and other industries benefiting from DSI. The agreement comes nearly 8 years since the issue of DSI was first discussed in COP meetings in December 2016, amidst some businesses raising concerns about impacts on innovation, research and compliance.

Significantly, the agreed text provides that entities in sectors that directly or indirectly benefit from the use of DSI in their commercial activities should contribute a proportion of their profits or revenue to the new global fund (the "**Cali Fund**"), with the proportion to be varied according to the size of the entity.

While contributions will be voluntary, indicative rates of 1% of profits or 0.1% of revenues were prescribed for entities exceeding two of the following three criteria: USD 20 million in total assets; USD 50 million in sales; and USD 5 million in profit. The UK government plans to work with industry to develop a voluntary mechanism for contributing to the Cali Fund.

³ <https://www.iapbiocredits.org/framework>

2.2 MOST PARTIES LACK CREDIBLE NATIONAL PLANS TO IMPLEMENT GBF TARGETS AND GUIDE PRIVATE SECTOR ACTION

The successful implementation of the GBF requires the 196 Parties to the U.N. Convention on Biological Diversity (CBD) to prepare NBSAPs. However, almost 80% of the Parties to the CBD have yet to submit these.⁴

Without concrete and credible strategies at a national level to guide private sector action, it is hard to see how the world can collectively meet the GBF's ambitious targets, e.g. restore 30% of degraded ecosystems; conserve 30% of land, waters and seas; phase out subsidies that harm biodiversity by at least USD 500 billion per year; and reduce pollution risks and impacts to non-harmful levels—all by 2030.

2.3 PARTIES DID NOT AGREE ON HOW TO ADDRESS BIODIVERSITY FINANCE GAPS

Goal D of the GBF aims to close the biodiversity finance gap of USD 700 billion per year, while Target 19 of the GBF requires an increase in funding to support biodiversity initiatives worldwide (including at least USD 20 billion per year by 2025 from international financial sources to developing countries). However, those targets are far from being reached.⁵ Parties are due to resume discussions in inter-sessional meetings, including to approve a new “Strategy for Resource Mobilization” to meet financial targets.

2.4 PARTIES MADE PROGRESS TOWARDS MAINSTREAMING BIODIVERSITY ACROSS ALL SECTORS OF THE ECONOMY

Parties adopted a decision that invites them to submit information on their biodiversity mainstreaming⁶ efforts in their seventh national reports, due in 2026. The decision also encourages Parties to support the private sector in contributing to the objectives of the CBD.

Biodiversity mainstreaming within and across all sectors of the economy is expected to become a higher priority for governments in the coming year. It is notable that a group of eighteen governments, including Canada, France and Germany, have launched a champions group to push for biodiversity considerations to become a feature of national policies across key sectors.

2.5 PARTIES MADE PROGRESS TOWARDS INTEGRATING BIODIVERSITY AND CLIMATE CHANGE IN POLICIES AND PLANNING PROCESSES⁷

Parties adopted a decision on Biodiversity and Climate Change which, among other things, called for further enhanced cooperation and policy coherence to support global climate and biodiversity goals, including under the GBF and Paris Agreement.

The decision may have a trickle-down effect from U.N.-level to national levels and the private sector, prompting increased exploration and awareness of linkages between biodiversity and climate change in national planning processes and private sector transition planning.

Overall, a surge of national ambition and implementation is necessary to reflect what has been agreed at the multilateral level in the ambitious GBF.⁸ Businesses should continue to monitor key outcomes from multilateral discussions and work out their implications for national policies and regulation, which may need to be factored into entities' risk assessments, transition planning and sustainability reporting.

⁴ In addition, close to 40% of the Parties have yet to submit national biodiversity targets. Of the national targets that were submitted, only around two-thirds have a “high” degree of alignment with the GBF.

⁵ To date, donors have pledged only c. USD 400 million to the Global Biodiversity Framework Fund and USD 200 million to the Kunming Biodiversity Fund.

⁶ Biodiversity mainstreaming is generally understood as ensuring that biodiversity and the services it provides are appropriately and adequately factored into policies and practices that rely and have an impact on biodiversity (<https://www.cbd.int/mainstreaming>).

⁷ Parties at COP16 achieved progress in other areas, including: (i) an approved Global Action Plan on Biodiversity and Health to help curb the emergence of zoonotic diseases, prevent non-communicable diseases and promote sustainable ecosystems; (ii) a new and evolved process for identifying ecologically or biologically significant marine areas; (iii) a stronger role for indigenous peoples and local communities in convention processes; (iv) addressing synthetic biology considerations; (v) guidelines for managing invasive alien species, (vi) new, voluntary guidance on assessing risks posed by living modified organisms containing engineered gene drives; (vii) sustainable wildlife management and plant conservation; and (viii) supporting the implementation of the GBF via capacity-building, technical and scientific cooperation and knowledge management.

⁸ <https://www.cbd.int/article/cali-to-baku-2024>. The next biodiversity COP will take place in Armenia in 2026.

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